

Great Falls Tribune 6-26-05

State insurance for kids going to employees you might not expect

By MIKE DENNISON

Tribune Capitol Bureau

HELENA - When the state starts adding another 3,000 kids to the publicly funded Children's Health Insurance Program next month, chances are many of their parents will have jobs - and sometimes with large, national corporations.

The program, known by its acronym CHIP, offers free health insurance for children in families that earn up to 150 percent of the federal poverty level in Montana, or \$24,135 for a family of three.

An examination of state records by the Tribune found that more than 60 percent of families with kids currently insured by CHIP have parents with jobs.

Those range from self-employed farmers and ranchers to government workers to employees of Wal-Mart, the retail giant with 1.3 million workers nationwide.

Single mother Shelly Hill, who works at Wal-Mart in Great Falls, is one of 5,400 Montana families whose kids are currently insured by CHIP.

While she works full-time and has health insurance through an employer plan offered by Wal-Mart, she says she can't afford the \$200-a-month extra it would cost to place her two school-age kids on the company program.

"Without (CHIP), I wouldn't be able to make it," she said. "There's just no way that I could afford insurance for the kids."

Hill is like many of the parents of the 10,900 Montana kids currently insured by CHIP: They have jobs, but those jobs either offer no health insurance or offer insurance that's too costly for lower-wage workers.

Next week, CHIP will be expanding, thanks to \$9 million a year in extra funding approved by the 2005 Legislature.

As the state prepares to add up to 3,000 kids to the program, the Tribune examined state records to see who's using the program now.

Records from fiscal year 2004 indicate:

- More than 2,500 families on CHIP have at least one parent working. Records indicate more than 60 percent of parents in CHIP families have jobs.
- At least 1,100 parents whose kids are on CHIP are self-employed, including at least 350 in farming or ranching. About one-fourth of families on CHIP have bread-winners who are self-employed, records indicate.
- Social Security benefits are the chief income source for more than 1,000 parents whose kids are insured by the program. Most of these parents receive some type of Social Security survivor's or disability benefits. More than 400 families with kids on CHIP get income from another government source, such as workers' compensation benefits or federal pensions.
- Among private companies, Wal-Mart has the most employees - 193 - taking advantage of CHIP. That's about 4 percent of the company's Montana workforce of 4,700 people.

Town Pump, the Montana chain of gas stations, casinos and convenience stores, employed 80 people whose kids were on CHIP last year- also close to 4 percent of its workforce.

Other companies high on the list were McDonald's, Pizza Hut, NAPA Auto Parts and Subway.

- As an employer group, retail and department stores employed the most people whose kids are on CHIP, followed by fast-food outlets, Hutterite colonies, hospitals, grocery stores and motels.

Several Hutterite colonies, which are collective farms run by the members of the Hutterite religious sect, had members insured by CHIP. Like any other Montana family, colony members can be insured by CHIP if they meet the income requirements.

Montana's program, created in 1999, is funded by the state and federal government, which picks up 80 percent of the tab. Similar programs are offered in every state.

The programs are meant to cover kids in low- to moderate-income families that, for whatever reason, find themselves without affordable health insurance.

In Montana, families are eligible if they earn up to 150 percent of the federal poverty level. However, there are only as many spots available as the state's CHIP budget allows.

Shelly Mackenstadt, a divorced mother with three daughters, a job and a full-time class-load as a nursing student, is probably typical of many people whose kids are covered by CHIP.

She has insurance through her job at the City-County Health Department in Great Falls and her daughters had been covered by their father's policy. But when he quit his job last fall, coverage for the girls ended.

Mackenstadt said she couldn't afford the \$200-plus a month it would cost to add her daughters to her health policy, so she immediately applied to get on CHIP.

"I refer people (to the program) all the time," said Mackenstadt, who works with low-income parents in the Women, Infants and Children (WIC) nutrition program. "I never thought I'd have to use it myself."

Mackenstadt's daughters had to wait six months before spots opened up on CHIP this April. In the month before the coverage started, one daughter came down with Bell's palsy.

"I have \$2,000 worth of medical bills that were uncovered because (CHIP) started in April, not March," she said. "We've been healthy, but you never know. It doesn't take much to sink the ship."

Mackenstadt said she considers CHIP a stop-gap insurance for her kids, until she can afford to insure them through her job or another job.

The current waiting list for CHIP in Montana has about 500 kids, who will be added in July.

Large firms

Raise questions

While the program is designed to cover anyone who's eligible, some CHIP supporters wonder whether it was meant to provide insurance to employees of large, national firms.

"We think when large companies have employees who are in these programs, this is, in effect, a hidden taxpayer subsidy to these companies," says Phil Mattera, research director of Good Jobs First, a Washington, D.C., watchdog group that examines economic and labor issues.

Good Jobs First has been particularly critical of Wal-Mart, noting that the huge retail chain repeatedly shows up as having more workers on public health-insurance programs than any other private company in a state.

"The assumption was that the people who would need (CHIP) are people who are working for small companies that can't afford to provide health coverage," Mattera says.

"I don't think when CHIP was being designed that people thought employees of the largest corporation in the world would be participating in it," he added.

Dan Fogleman, a spokesman for Wal-Mart in Bentonville, Ark., acknowledges that many Wal-Mart employees show up on lists of people insured by CHIP or other public programs across the nation.

But that doesn't mean Wal-Mart employees are using the programs at a greater level than workers at other retailers and businesses, or that Wal-Mart offers its workers a poor benefits package, he says.

"That's the dilemma we run into ... when we're the largest employer," Fogleman says. "We're going to be the largest on a lot of lists, like the taxes we pay, or our payroll, or the number of jobs we create."

Fogleman says Wal-Mart last year hired a company to survey employees in the retail industry about health coverage.

The survey showed that the percentage of Wal-Mart workers on CHIP or other public health programs is about the same as other major retailers, and that a higher level of Wal-Mart employees began dropping off those programs the longer they worked for the company, he says.

Wal-Mart offers health insurance to all its employees and covers about two-thirds of the cost, Fogleman says. Full-time workers must wait six months before they're eligible for the coverage and part-timers have to work two years before they can get it.

A variety of health plans are offered, with monthly premiums starting at about \$40 a month for an employee or \$150 for a family, with a high deductible, he says.

"Clearly, we do offer affordable health benefits to our (workers)," Fogleman says. "We work hard to keep our premiums affordable. We think we're doing a pretty good job at that."

Yet, in many cases, publicly financed plans simply offer a better deal, he says.

Hill, who has worked seven years at Wal-Mart, says it would cost her about \$200 a month to insure her kids on the Wal-Mart plan she prefers, and that's more than she can afford.

For a while, Hill's earnings at Wal-Mart had been low enough to qualify her kids for Medicaid, another state-federal program that pays medical bills for the poor.

Families with income as high as 133 percent of the federal poverty level can qualify for Medicaid, but they also cannot have assets of any more than \$3,000. CHIP has no asset test.

Last year, Hill's pay increased to the point that her kids were no longer eligible for Medicaid. She had to wait a few months before they could be covered by CHIP in December.

Her 8-year-old son had to go to the doctor for an ear infection the day before CHIP coverage began, and she's still paying off those bills, she says. Getting her kids on CHIP was a huge relief, she says.

"It's the ability to be able to take my kids to the doctor and know it's not going to cost an arm and a leg, and not have to be paying it later on," Hill says. "My sons need medication (too). I wouldn't be able to pay for his medication."

While Wal-Mart offers the same health insurance plans to its thousands of employees, some national companies like McDonald's may not.

About two-thirds of McDonald's restaurants - and nearly all of its 43 Montana outlets - are franchises, owned locally as separate businesses. Those local owners decide what benefits they can offer, including health insurance, says Heidi Happonen, a McDonald's spokeswoman in Seattle.

"It really varies, depending on where the restaurant is, its competition, and those kinds of things," she says.

From schools

To hospitals

Companies such as Wal-Mart, McDonald's, Pizza Hut and other national chains tend to have higher numbers of workers on public health plans. But they may not have the highest percentage of their workers on the plans.

For example, Valley Christian School, a private elementary and high school in Missoula, had 20 percent of its workforce last year using CHIP to insure their kids.

The school employs 80 to 85 people, and state records showed 17 of those employees with kids on CHIP.

Earl Reimer, superintendent at Valley Christian, said the school offers health insurance to full-time employees, but its salaries are about 60 percent of those paid in public schools, sometimes making insurance hard to afford.

He said it doesn't surprise him that some employees use CHIP.

"We don't receive any federal assistance (at the school). We've never received a dollar from the state or federal government," he noted. "(But) we wouldn't be hesitant to encourage our staff to look at government programs."

Parents whose kids go to Valley Christian pay tuition to the private school and taxes that support public schools, so they're supporting two school systems, Reimer said. Having some of the school employees' children on CHIP could be considered a return on that investment, he said.

Even providers of health care in Montana can't necessarily offer affordable health insurance for all of their employees.

State records showed at least 10 Montana hospitals with employees whose kids are insured by CHIP, including 23 at the two Missoula hospitals, 15 at Glendive Medical Center and 12 at Kalispell Regional Hospital.

The records listed employers who had five or more workers with children insured by CHIP. Benefis Hospital in Great Falls was not among them.

Jim Ahrens, president of MHA, which represents Montana hospitals, said hospital workers using CHIP could be on minimum wage and unable to afford the hospital's health plan, or they could be new workers who haven't yet qualified for the plan.

"I think it just points to the larger issue, that somehow or other, all businesses, including hospitals, are going to have to address how they're going to take care of their people," he said. "We probably ought to have health insurance for everyone in the state. To me, everybody ought to have access to insurance."

Of course, everyone doesn't have access to health insurance in Montana. Thousands of people are uninsured.

Hill is grateful for CHIP and says she wishes it could be available to all children who need it.

"Kids deserve to be able to be healthy," she said. "My kids are very important; any kid is very important, and they all deserve to have great medical services provided to them."

Related Links:

[More kids to be added to insurance rolls, but state worries about cost](#)

Reach Tribune Capitol Bureau Chief Mike Dennison at (406) 442-9493 or by fax at (406) 442-9413. His e-mail is capbureau@mt.net.

Originally published June 26, 2005